

MASS. EA20.2: F50/2



Commonwealth of Massachusetts
Executive Office of Environmental Affairs

Department of Environmental Protection

William F. Weld
Governor

Daniel S. Greenbaum
Commissioner



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GOVERNMENT DOCUMENTS
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MAY 11 1994

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FINANCING FOR RECYCLING RELATED BUSINESSES

A GUIDE TO MASSACHUSETTS ECONOMIC DEVELOPMENT AGENCIES AND PROGRAMS

For more information, contact Greg Cooper (617-292-5988) or Jeffrey Lissack (617-292-5583) with the Division of Solid Waste Management.

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This guide highlights 10 Massachusetts economic development agencies and their financing programs. The Commonwealth has several public and quasi-public economic development agencies that are accessible to recycling related businesses. These agencies offer reduced lending rates and/or easier access to capital through a variety of financial mechanisms both independently and jointly with private lenders. The guide is not meant to be an all inclusive resource on economic development agencies and their programs, but rather as a starting point and reference for recycling related businesses seeking financial assistance. Included in the agency summaries are contact names and addresses, a brief description of agency services, financing programs, types of financing available, amounts, and specific qualifications.

Recycling encompasses a broad range of activities including collection, hauling, processing and end-use manufacturing. The business of recycling has experienced significant growth over the last decade as government regulation and public concern over the environment increases. With this growth comes the need for capital to foster new business development and assist in the expansion of existing companies. These economic development agencies help reduce risk and increase the lending pool making financing more accessible.

Before approaching any private or public financing entity it is essential that borrowers have a clear understanding of what they want and can communicate this effectively. This is usually best accomplished with a detailed business plan outlining the need and explaining how financing can assist in solving this need.

To use the guide most effectively, recycling related businesses seeking financing should first identify their particular need by answering two simple questions:

How much financing is required?

What type of financing is desired?

Once these questions are answered, the chart on the following page identifies which agencies are capable of providing the type and amount of funding requested.

MA ECONOMIC DEVELOPMENT AGENCIES

FUNDING CAPABILITIES <> \$500,000	ECONOMIC DEVELOPMENT AGENCY	BUSINESS FINANCING/ CAPITAL FORMATION				BUSINESS CONSULTING DEVELOPMENT/TRAINING	
		Fixed Asset Financing	Working Capital	Risk or Venture Capital	Start-up Capital	Companies/ Institutions	Individuals
LESS	COMMUNITY DEVELOPMENT FINANCE CORPORATION (CDFC)						
LESS	INDUSTRIAL SERVICES PROGRAM (ISP)						
BOTH	MASSACHUSETTS BUSINESS DEVELOPMENT CORPORATION (MASS BUSINESS)						
BOTH	MASSACHUSETTS CAPITAL RESOURCE COMPANY (MCRC)						
LESS	MASSACHUSETTS EXEC. OFFICE OF COMMUNITIES & DEVELOPMENT						
BOTH	MASSACHUSETTS GOVERNMENT LAND BANK (LAND BANK)						
BOTH	MASSACHUSETTS INDUSTRIAL FINANCE AGENCY (MIFA)						
NONE **	MASSACHUSETTS SMALL BUSINESS DEVELOPMENT CENTER (MSBDC)						
LESS	MASSACHUSETTS TECHNOLOGY DEVELOPMENT CORPORATION (MTDC)						
BOTH	THRIFT INSTITUTIONS FUND FOR ECONOMIC DEVELOPMENT (THRIFT FUND)						

** Primarily management & technical assistance. No financing is available.

GENERAL ASSISTANCE: MASSACHUSETTS OFFICE OF BUSINESS DEVELOPMENT (MOBD)
EXECUTIVE OFFICE OF ECONOMIC AFFAIRS
ONE ASHBURTON PLACE, RM. 2101
BOSTON, MA 02108
(617) 727-8380

AGENCY/CONTACT**Community Development Finance Corporation**

10 Post Office Sq.
Ste. 1090
Boston, MA 02109
(617)482-9141

Milton Benjamin
President

The Community Development Finance Corporation is a quasi-public organization providing flexible financing for small business and real estate development projects. CDFC offers debt and equity financing, direct loans, and loan guarantees. Projects must show a clear public benefit, financial viability, CDC Sponsorship, and the inability to meet financial needs through conventional lenders. PRIMARY INTEREST IS TO CREATE JOBS IN LOW-INCOME COMMUNITIES. Application process is handled through local Community Development Corporation's (CDC's). CDFC projects usually involve joint financing with private lending institutions. Recipients must be in CDC target area.

PROGRAM	TYPE	AMOUNT	CRITERIA	NOTES
Venture Capital Program	Debt or Equity financing to small businesses.	\$75k to \$300k Up to 1/3 of total need		
Real Estate Program	Flex. short to med term financing for CDC sponsored R.E. projects.	Up to \$250,000 Up to 20% of project cost		Revitalization of commercial & industrial property.
Small Loan Guarantee Program	Cash collateral from CDFC secures CDC small bus loan guarantees on an approved bank loans to businesses.	Up to \$25,000 Up to 50% of total loan guaranteed.		Broadens availability of commercial credit.
Urban Initiative Fund	Direct loans & loan guarantees to businesses. Loans & grants to non-profits.	Up to \$200,000 < \$100,000 preferred	Minority bus. - 51% owned. Sales < \$5 million. Low-income area.	USES :Working Capital, Equipment, Leasehold Improvements, Start-ups.
Commonwealth Enterprise Fund	CDFC is a licensed SBIC providing equity funds, long-term loans, and mgmt. assistance.	\$100k to \$300k 4 to 7 year terms	Minority & disadvantaged businesses. Innovative ventures	Owned & Capitalized by MA Minority Enter. Invest. Corp.
Thrift Institution Fund	Direct loans	\$250,000 +	Must create jobs in low-income areas	1 of 5 agencies servicing Fund SEE THRIFT INSTITUTION FUND

AGENCY/CONTACT

Industrial Services Program
100 Cambridge Street
Room 1302
Boston, MA 02202
(617)727-8158

Frank Porter
Deputy Director

The Industrial Services Program provides management consulting services and operates the Economic Stabilization Trust Fund, which provides financing in the form of conventional loans or loan guarantees. Loans are made when financing from conventional lenders is insufficient or unobtainable. Primary service involves management consulting & assistance in seeking financing. ISP FOCUSES ON ASSISTING MANUFACTURING COMPANIES AND RELATED DISTRIBUTORS WHICH ARE AT RISK OF CLOSING.

PROGRAM	TYPE	AMOUNT	CRITERIA	NOTES
Economic Stabilization Trust	Conventional loans & loan guarantees 2 to 5 year term loans or guaranteed loans.	\$20,000 to \$500,000 Prime rate + 2.5% on Loans. 3% on Guarantees	Project should preserve current jobs & promote growth in mfg.	Funding uses include: asset purchases, business acquisition, working capital, and product development & expansion.

AGENCY/CONTACT**Massachusetts Business Development Corporation**

One Liberty Sq.
Boston, MA 02109
(617)350-8877
(617)350-0052 fax

Kenneth J. Smith
President

The Massachusetts Business Development Corporation is a private corporation under state charter which provides loans to private and non-profit firms unable to obtain full financing from conventional lenders. Mass Business provides loans for working capital, fixed assets or business acquisitions and expansions. Their funding range averages between \$150,000 and 1.2 million. THEY SPECIALIZE IN SUBORDINATE DEBT LENDING with conventional lenders, but depending on need, may provide 100% financing. Loans must expand employment opportunities.

PROGRAM	TYPE	AMOUNT	CRITERIA	NOTES
MA Business Development Corp.	Direct loans Working capital loans	\$250,000 to \$1 million	Fixed assets purchase & construction. Working Capital needs.	Floating interest rates and long terms. 100% financing available.
MA Certified Development Corporation	Licensed SBIC administering SBA 504 loan programs. Loans for fixed assets and capital expansion.	SBA max. \$750,000 Up to 20 + yr. terms 10% equity injection by business required.	Conventional financing unavailable.	Focuses on low-cost, second mortgage financing at fixed rates. Goals are job creation & retention.
Capital Access Program	Business loans \$5 million loan fund Reduces banks risk.	Up to \$500,000 Fee of 1.5% of loan amount.	Borrower sales < \$5 million. Financing through participating banks.	Available to any for profit business authorized to do business in MA.
MA Business Advisory Service	Consulting Services	Will help restructure or seek new financing.	For Businesses seeking \$1 million + Financing.	Serves primarily mfgt. & wholesale/distributors.
Thrift Institution Fund	Short term debt Direct loans	\$250K +	Must create jobs in low-income areas	1 of 5 agencies servicing Fund SEE THRIFT INSTITUTION FUND

AGENCY/CONTACT

Massachusetts Capital Resource Company
The Berkeley
420 Boylston Street
Boston, MA 02116
(617)536-3900

Ben Bailey
Vice President

The Massachusetts Capital Resource Company is a source of risk capital. MCRC provides unsecured loans in the form of debt/equity financing to small and medium sized firms unable to secure comparable financing from commercial sources. 45% of loans are to high-tech industry. MCRC offers a variety of investment strategies including senior loans, subordinate loans, equity capital, convertible debt, and partnership opportunities. Investments range from \$200,000 to 5 million. Not eligible - Real estate developers, financial intermediaries, retailers, const. contractors or public utilities. IF COMPANY IS RATED, IT CAN NOT HAVE BOND RATING ABOVE Baa. MCRC IS A SOPHISTICATED LENDER.

PROGRAM	TYPE	AMOUNT	CRITERIA	NOTES
	Long term debt Senior & subordinate	\$500,000 to \$5 million Terms - 5 to 10 years Fixed interest rates.	Working capital needs & capital expansion.	Financings have primarily been to lower growth and traditional manufacturing industries.
	Mezzanine Capital Usually fixed rate subordinate debt with an equity component.	\$1 to \$5 million	Used as a bridge to initial public offerings & to finance expansion.	Incorporates serveral financial mechanisms.
	Venture Capital		Latter stage - no start-ups.	Investments include common stock, convertible preferred stock, convertible subordinate debt, and subordinate debt with warrants.
	Leverage Buyouts		Target constructive, middle market, growth oriented buyouts.	Supplements firm's asset base to meet the purchase price.

AGENCY/CONTACT

**MA Executive Office of Communities
& Development**
100 Cambridge St.
Boston, MA 02202
(617)727-7001

Toni Hall
CDF

Carolyn Britt
RRF

David Weiss
MCCF

The Massachusetts Executive Office of Communities and Development offers a number of economic development programs designed to assist communities. Private businesses can access and benefit from these grant and loan programs by working with their local governments. Communities can assist businesses with infrastructure, planning, acquisition, and other joint interests. These programs provide grants and loan guarantees to non-entitlement communities (< 50,000 pop.) for economic development. THE GRANTS AND LOAN GUARANTEES MUST BE USED IN ACCORDANCE WITH HUD REGULATIONS. Businesses located in communities with populations greater than 50,000 should contact their local communities and development office for information on economic development assistance .

PROGRAM	TYPE	AMOUNT	CRITERIA	NOTES
Community Development Fund	Community grants - single town, & regional.	\$100,000 to \$800,000	Must meet HUD National objectives: low-income, blight, critical area.	Planning, acquisition, technical & capital assistance to non-profit and small businesses, infrastructure, streetscape and downtown revitalization.
Ready Resource Fund	Community grants - single town, & regional.	max. \$500,000	Must meet HUD National objectives: low-income, blight, critical area.	Planning, acquisition, business loan fund programs, infrastructure.
MA Community Capital Fund	Grants to communities who then make loan to local private business.	\$100,000 to \$500,000	Job creation/retention for low-moderate income persons. Demonstrated need. Creditworthiness.	May be used for working capital, refinancing, real estate acquisition new construction or rehab, and capital equipment.
108 Loan Guarantee Program	Loan guarantees for a variety of econ. dev. activities.	\$500,000 to 5 million	Guarantee up to 40% of project costs.	Aquisition, Rehab, Const., Int. & relocation payments, etc.
Municipal Incentive Grant Program	Community grants for primarily planning studies.	max. \$50,000	Up to 10% cash matching requirement.	Capacity building, Service & Innovation, Strategic Planning

AGENCY/CONTACT

MA Government Land Bank
One Court St., Ste. 200
Boston, MA 02109
(617)727-8257

Timothy Bassett
Executive Director

The MA Government Land Bank is a quasi-public state agency that provides financing and developmental assistance for real estate projects. The Land Bank provides below market mortgage financing, technical and developmental assistance to projects lacking sufficient public or private investment. They also offer technical and developmental assistance during project evaluation. PROJECTS SHOULD ELIMINATE BLIGHT, CREATE JOBS, AND STIMULATE INVESTMENT IN HIGH UNEMPLOYMENT AREAS.

PROGRAM	TYPE	AMOUNT	CRITERIA	NOTES
Economic Development Finance Program	Real estate lending Acquisition and infrastructure financing.	\$200k to \$3 million 10 year terms Interest rate - 8% min.	Eligible applicants: Private developers, non-profits, cities & towns.	Projects: industrial parks, multi-tenant buildings, small business incubators, commercial buildings and critical sites.
Emerging Technology Fund	Debt Service Guarantees	Max. \$5 million or 50% of project costs.	Innovative product development projects.	Biotechnology, Environmental Industries and Advanced Material firms may access.

AGENCY/CONTACT

Massachusetts Industrial Finance Agency
75 Federal Street
Boston, MA 02110
(617)451-2477

Karl Zeile
Program Manager

The Massachusetts Industrial Finance Agency is a full service public sector investment bank. MIFA provides financing for purchase of fixed assets and some working capital, and offers advisory services for companies seeking financing. Their mission is to stimulate private investment and job creation. MIFA SPECIALIZES IN FIXED ASSET FINANCING FOR EXISTING BUSINESSES, AND SOPHISTICATED PROJECT FINANCING FOR PUBLICLY AND PRIVATELY DEVELOPED SOLID WASTE FACILITIES.

PROGRAM	TYPE	AMOUNT	CRITERIA	NOTES
Tax-exempt IDB Program	Long-term debt Industrial Development Bonds	\$1 million + Can include 2% of issue \$ Must be within State- wide volume cap.	Fixed asset acquisition, construction, and purchase of land and equipment.	Bonds issued on behalf of small manufacturers and project financing for solid waste processing/disposal facilities.
Taxable IDB Program	Long-term debt Industrial Development Bonds	Often packaged with tax- exempt IDB. No limit \$	Asset acquisition, construction, and purchase of land and equipment.	Taxable IDB market is competitive with conventional financing, and IDB's are also available from the private sector.
MA Export Partnership	Loan guarantees to exporters.	\$100K - \$1 million Up to 100% guarantee on working capital loans.	Must be an exporter.	Works in conjunction with MA Office of International Trade & Investment.
Economic Development Fund	\$1.5 million revolving direct loan fund for fixed asset and working capital financing needs.	Up to \$500,000	Priority - small bus's/job producing projects Minority involvement in bus.	Fixed asset & working capital needs.
Mortgage Insurance Program	Loan insurance for expansion capital.	Equip - \$250K max Land - \$500K max	Company over credit level.	
Eximbank's Umbrella Policy	Loan insurance on foreign receivables.	Insures 95% of exporter's short term credit sales.		Encourages expansion of export sales.
Current Refunding Program	Refinancing of tax-exempt IDB's.	No limit.	Outstanding current bonds.	Escape "gross-up" clauses.
Thrift Institution Fund	Short-term debt Direct loans	\$250K +	Must create jobs in low- income areas.	1 of 5 agencies servicing Fund.

AGENCY/CONTACT

MA. Small Business Development Center

State Office
205 School of Mgmt.
Univ. of MA
Amherst, MA 01003
(413)545-6301

John Ciccarelli
State Director

Regional Offices
W. MA (413)737-6712
C. MA (508)793-7615
SE MA (508)673-9783
N. Shore (508)741-6343
Boston (617)552-4091

The Massachusetts Small Business Development Center provides free one-to-one management and technical assistance counseling and low-cost training programs to small business entrepreneurs throughout the Commonwealth. MSBDC also assists local groups and communities develop programs for small business creation, expansion and retention. MSBDC PROVIDES NO DIRECT FINANCIAL ASSISTANCE.

PROGRAM	TYPE	AMOUNT	NOTES
Management Counseling Services	Business & financial plan development.	Avg. business receives 8 hours of counseling.	25% of businesses receive 30 hours or more of counseling.
Training	Seminars, workshops, and conferences.	Usually a small fee.	Address numerous business concerns. Often co-sponsored with institutions, organizations, & associations.
International Trade Program	Counseling services, market data, trade leads, educational programs.	Market data & trade leads are free. Training requires nominal fee.	Assistance to companies assessing market capabilities to trade internationally.
Capital Formation Services	Financial counseling assistance.		Assistance in seeking unconventional financing: i.e., state & federal programs, venture capital, and private investment.

AGENCY/CONTACT

MA Technology Development Corporation
148 State Street
Boston, MA 02109
(617)723-4920
(617)723-5983 fax

John Hodgman
President

The Massachusetts Technology Development Corporation provides venture capital financing for high-tech firms with growth potential. MTDC makes both debt and equity investments, usually in the form of a direct purchase of stock accompanied by a favorable loan term. BORROWING FIRM MUST POSSESS PROPRIETARY OR NEW TECHNOLOGICAL PROCESS, AND A QUALITY BUSINESS PLAN. CONCENTRATION IS IN HIGH-TECH FIELD.

PROGRAM	TYPE	AMOUNT	CRITERIA	NOTES
Investment Program	Debt & equity investments. Joint ventures with private sector investors.	\$100k to \$300K initially \$500,000 possible	Job creating potential. Potential high rate of return on investment.	Private invests 2 to 4 times MTDC's investment
Management Assistance Program	Management and technical consulting.		Review business plans. Help assess capital needs & options. Locate interested investors.	

AGENCY/CONTACT

The Thrift Fund
50 Congress Street
Boston, MA 02109
(617)227-0404

Michael F. Wilson
Deputy Director

The Thrift Fund is a \$100 million loan pool supported by the MA Thrift Industry. The Fund provides joint financing with thrift institutions, and in certain cases can act as direct lender, for community and economic development projects. Its goal is to support business and CREATE/ RETAIN JOBS in the Commonwealth. The Thrift Fund reduces lending risk making financing available to more borrowers.

PROGRAM	TYPE	AMOUNT	CRITERIA	NOTES
Participation Loan Program	Secured loans through joint financing with thrift bank.	No \$ limit. Up to 50% of loan. Usually < \$1,000,000	Available to for-profit and non-profit entities	Uses: fixed assets, RE mortgages, working capital, restructuring, and product development.
CRA Initiative	Loans Joint lending with smaller, community thrifts	Up to \$500,000 or %50 of project costs	Assists thrifts in compliance with Community Reinvestment Act.	Uses: fixed assets, RE mortgages, working capital, restructuring, and product development.
Direct Loan Program	Direct loans All or part	Up to \$1 million	Designed to support economic development projects.	Uses: fixed assets, RE mortgages, working capital, restructuring, and product development.